

## **UNITED STATES DELEGATION REPORT**

### **UPU POSTAL OPERATIONS COMMITTEE AND COUNCIL OF ADMINISTRATION**

**21 January – 8 February 2008**

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#### **INTRODUCTION**

This report recaps the work of the 2008 session of the UPU Postal Operations Council and Council of Administration, held in Bern, Switzerland from January 21 through February 8. The decisions taken by these Councils that were of most importance to the United States included the following:

The most difficult issue facing the CA in this session concerned the venue of the 24<sup>th</sup> UPU Congress. Plans had been underway for the Congress to be held in Nairobi, Kenya. Recent and persistent incidents of unrest following the December 2007 elections in Kenya cast doubt on Nairobi as a viable location for Congress in 2008, in view of the need to guarantee the safety and security of the 1,500 delegates expected to attend the Congress. Despite Kenya's request for the CA to approve Nairobi as the site of the Congress, the CA reached consensus on a proposal to hold Congress in Geneva with Kenya serving as the host country and chairing the CA for the next cycle. Kenya did not formally accept this compromise solution during the CA. The UPU will also give serious consideration to holding its 2010 Strategy Conference in Nairobi, should the security situation in that city be more stable at that time.

Other major issues discussed and decisions taken by both the Postal Operations Council and the Council of Administration concerned proposals that go forward to the 2008 Congress on terminal dues; the Quality of Service Fund; classification of countries for terminal dues purposes; extra-territorial offices of exchange; the proposed Global Monitoring System; the draft UPU Strategy (the "Nairobi Postal Strategy"); roles and responsibilities for the CA, POC and IB regarding UPU strategic planning; and a new draft Postal Payment Services Agreement and associated Regulations.

The U.S. delegation was led by Gerald Anderson, Deputy Assistant Secretary of State in the Bureau of International Organization Affairs. Other members of the delegation included Dennis Delehanty, Kate Lawrence and Carol Henninger of the Department of State; Mike Regan, Lea Emerson, Brian Hutchins, Laree Martin and Anthony Alverno of the U.S. Postal Service; Allison Levy of the Postal Regulatory Commission; Philip Warker of Customs and Border Protection and Bruce Harsh of the Commerce Department. A complete list of members of the U.S. delegation is in Annex 1.

#### **PART I: POSTAL OPERATIONS COUNCIL**

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##### **TERMINAL DUES AND ECONOMIC ISSUES**

At this POC session in Bern, deliberations on terminal dues were held at the World Round Table and at a formal meeting of the Terminal Dues Project Group. The purpose of the Round Table was to give countries which are not members of the POC an opportunity to voice their views on

the draft terminal dues proposal for the 2008 Congress developed by the Terminal Dues Project Group.

#### *World Round Table on Terminal Dues*

In interventions made during the Round Table, participants focused mainly on the methodology used to calculate terminal dues rates, contributions to the Quality of Service Fund (QSF), classification of countries transitioning into the new target system, eligibility for Quality of Service Fund payments, the revision mechanism, and the Quality of Service Link. The majority of members favored the following provisions of the package of proposals presented:

- Calculation of terminal dues in the target system based on the domestic tariff for a 20 gram letter (Method A), with further work to be undertaken after Congress to develop a linearization methodology using multiple tariffs (Method B).
- Continued mandatory direct access in the target system and voluntary direct access for transition and new target countries, with required reciprocity for those transition and new target countries that request direct access from other countries.
- Maintenance of the current threshold for the revision mechanism at 100 tonnes (instead of an alternate approach to reduce the threshold to 75 tonnes).
- Classification of countries into five groups based on their Gross National Income per capita and postal development indicators. Group 1 includes industrialized countries and UPU members with the highest Gross National Income and postal development indicator, while Group 5 includes all Least Developed Countries, as classified by the United Nations.
- Entry of all of Group 1 into the target system, which includes 12 UPU members not currently in the target system, in 2010 and Group 2, which includes 22 UPU members not currently in the target system, in 2012.
- Continued QSF payments of 8% for Group 3 and increases to 10% for Group 4 and 20% for Group 5 (Least Developed Countries).
- A quality of service target of 88% in 2008 and 2009 with maximum incentives of 5% (automatic 2.5% for participation and additional 2.5% for meeting quality of service target) and maximum penalties of 5% for target countries and 2.5% for transition and new target countries. For Greece, Malta and Spain, the target will be 83% in 2008 and 84% in 2009, despite Spain's strong efforts to maintain a target of 83% in 2009. For Brazil and Ukraine, the target will be 80% in 2008 and 81% in 2009.

#### *Terminal Dues Project Group*

The Terminal Dues Project Group endorsed the conclusions from the World Round Table concerning methodology and percentage of domestic rates, rate increases in the target and transition systems, the classification of countries into five groups for a gradual transition into the target system and the percentage contributions to the Quality of Service Fund for each of the five groups. The Project Group and later the POC plenary agreed on the terminal dues proposals would go forward to Congress, which could be summarized as follows:

- Calculation of terminal dues in the target system based on the domestic tariff for a 20 gram letter (Method A), with a cost to tariff ratio of 70%.
- Cap rate increase (target system) of 4% per year.
- Floor rate increase (target system) of 2.4% per year.

- Increases in the transition system of 2.8% per year.
- Increases of 10% in the Registered supplement from 0.50 SDR to 0.55 SDR for the years 2010-2011 and 0.6 SDR for the years 2012-2013 (Insured supplement will also increase from 1 SDR to 1.1 and 1.2 over the same period).

The Project Group also agreed to the standards, targets and incentive and penalty payment system for the Quality Link to terminal dues as proposed by Project Team 3 and endorsed by the World Round Table. The POC subsequently adopted a resolution on the 2009 targets and other aspects of the current quality link system. The Project Group also endorsed an important proposal by Denmark to modify the current measurement system design to correct certain flaws in the system that had led to appeals in the past.

The Statistics and Accounting Project Team (PT 2) presented an update of its work on the cost-benefit analysis of sampling mail volumes higher than 75 tonnes, cost savings on format/receptacle separation and the use of trays to dispatch mail, and gross versus net weights for terminal dues accounting and payments.

The Project Group endorsed ten proposals to amend the Letter Post Regulations on open transit and other accounting and statistics issues that PT 2 had developed. Committee 1 subsequently approved the proposals which would become effective 1 January 2009.

#### *Quality of Service Fund*

The QSF Board of Trustees noted that in 2007 its investments and exchange rate gains had netted \$3.2 million after paying the management costs to operate the Fund, which totaled \$1.2 million. The Board decided that these gains should be distributed proportionally to beneficiary countries based on their normal QSF income.

The Board also approved a plan to conduct training courses to guide postal managers in preparing project proposals and managing approved projects. The next such courses will be held in Chile, Great Britain, and Paris in early 2008. The goal is to reach all beneficiary administrations worldwide through these regional courses before the Geneva Congress.

The Board also approved a draft document on the Quality of Service Fund from 2004 to 2008 and commented on the draft resolution on the Fund that emerged from the work of the QSF Ad hoc group, which was created to address governance issues related to the future of the Fund, and which was chaired by POC Chairman Michael Regan of the U.S. Postal Service.

Later, at the POC Plenary, Mr. Regan reported on the work of this Group. The Group concluded that the Quality of Service Fund should be continued until all countries join the target system; priority should be placed on use of QSF resources for improving quality of service for letter post and implementation of a Global Monitoring System; the Deed of Trust should be renewed; and elections for a new Board of Trustees should take place following the next Congress.

#### *Quality Link User Group*

Convening for the first time since its formal creation in November 2007, the Quality Link User Group (QLUG) set out its organizational structure, scope of responsibilities and objectives. QLUG members began drafting a user's manual, which will serve as a reference guide for the Quality of Service Link and its measurement system.

At this meeting, Canada requested the correction of a service standard for U.S.-origin test mail, while New Zealand Post, which had recently acquired additional space at its office of exchange, asked for changes to the terminal dues gates in that facility. These changes were considered consistent with the current gate layout and therefore approved.

The Group heard a proposal on Quality of Service Link measurement methodologies for countries in the terminal dues target system, that is, the so-called interim plan. The Group endorsed this plan with one outstanding issue, which concerns criteria for selecting additional cities for measurement. The U.S. stated that it could not support increasing the number of cities measured as outlined in the proposal. Rather, the U.S. will work with IBM to produce a briefing paper to determine city criteria based on destination volume and population.

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## **QUALITY OF SERVICE**

Meeting on January 28, the Quality of Service Project Group held detailed discussions on the Global Monitoring System, including the technical specifications, development of a governance structure, interoperability with other possible Radio Frequency Identification technologies, and the status of a future pilot project to test the technical specifications. The U.S. presented its financing proposal and stressed that the technical specifications are subject to further revision. A resolution later adopted by the POC Plenary created an interim workgroup composed of the ten members of the Group's Steering Committee.

Members voiced concern that small net exporting administrations with high volumes such as Hong Kong may not receive sufficient assistance through the Quality of Service Fund or the terminal dues incentive structure to pay for set-up costs and first-year running costs for the Global Monitoring System. The U.S. representative volunteered to review such special situations and put forward proposed solutions at the Group's next meeting. The Group also discussed the IB's quality of service programs which greatly expand the work of the Group from four project categories to ten and increases program budget costs through extrabudgetary funding for five positions through proposed future Global Monitoring System user fees. The IB provided an update on its work to produce report cards on the delivery performance of postal administration in fulfillment of Bucharest Congress resolution C 48.

Making track and trace mandatory for registered and insured letters was also discussed. The U.S. and several other countries voiced concerns about the increased processing costs and low remuneration of registered items and urged the Group to combine efforts with the Terminal Dues Project Group and POC Committee 4 on Markets to further study such an additional service.

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## **CONSULTATIVE COMMITTEE**

At its meeting on February 4, the Consultative Committee decided to give serious consideration to pursuing a proposal to create a central repository for global addressing information. Several members of the Committee – Global Express Association, Express Delivery and Logistics Association, PostCom and International Mailers Action Group – agreed to form a working group to explore the possibility of holding a "Global Addressing Summit" in early 2009 to study issues surrounding the creation of such a repository and stakeholders' concerns about the protection of global addressing information.

Several Committee members raised serious apprehensions regarding a proposal to expand the UPU's mission to "foster trade and promote economic and social development worldwide". The key phrase in the current mission states that the UPU's purpose is "to stimulate the development of efficient and accessible universal postal services of quality in order to facilitate communications between the inhabitants of the world". In the Committee's view, this expanded mission, while a consequence of postal activity, goes beyond the core goals of the UPU and duplicates the mission of other international organizations, such as the World Trade Organization. An intervention by the U.S. delegation expressed a similar concern to the proposed changes to the mission statement. Later, following discussion, a revised version of this mission statement which would have the UPU "*contribute to* the development of efficient and accessible universal postal services of quality in order to facilitate communications between the inhabitants of the world" was approved by the POC and CA plenaries.

The Committee also discussed a resolution that would study better integration of Committee members within the UPU and a strengthened role in UPU work, including technical cooperation projects.

Members raised the possibility of holding a one-day strategy workshop in the spring of 2008 to discuss the Committee's role and mission and its benefits for stakeholders. Continuing its efforts to attract members, the Committee agreed to broaden its membership criteria from "organizations of individuals and companies which have an interest in international postal services" to those which have an interest in "supporting the mission and objectives of the Union".

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## **STRATEGIC PLANNING**

Several issues taken up at the meeting of the Strategic Planning Group provoked interest and interventions by the United States and other delegations.

For this meeting, the IB produced a draft Congress document on implementation of the Bucharest World Postal Strategy for presentation to the Nairobi Congress. This document, however, was structured around nine themes which differed from the five main objectives of the Bucharest Strategy. The conclusions of the document pointed to the UPU's attainment of goals, such as reinforcing the mission and role of the UPU and recognition of the UPU as a "partner in building the information society", that are only briefly mentioned in the Bucharest Strategy. The U.S. and other Group members insisted that the IB redraft the document so that it corresponds more closely with the structure of the Bucharest Strategy.

The IB presented a draft resolution on the UPU's strategic planning work following the 2008 Congress which the U.S. delegation considered flawed. Among other things, the resolution muddled the roles and responsibilities of the CA, POC and IB regarding strategic planning. After discussion of this proposal in the POC plenary and the SCU Project Group, the CA plenary finally adopted a version of the resolution that satisfied member countries. Under the formula adopted, the IB would "prepare, for the Council of Administration and on the basis of directives issued by the Councils, the draft [UPU Postal] Strategy to be submitted to Congress". Corollary proposals to amend the strategic planning responsibilities of the CA, POC and IB in the General Regulations would be aligned with this provision.

At this Strategic Planning Group meeting, several delegations spoke out against a proposed revised mission statement for the UPU that would have, among other things, the Union engage in the promotion of trade. It had been remarked earlier that the Strategic Planning Group was not the proper forum for altering or modifying the UPU mission statement. This issue was discussed within the SCU Project Group, where the U.S. added its voice to those opposing this proposed resolution. It is anticipated this issue will be an important subject of debate at the Geneva Congress.

The Group also endorsed a final version of the Nairobi Postal Strategy, drafted by a team led by Belgium, for submission to Congress.

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## **CUSTOMS ISSUES**

### *Customs Support Project Group*

The topics taken up at the meeting of the Customs Support Project Group were wide and varied, covering a broad range of issues related to the complex field of customs clearance.

Germany reported on the results of the World Customs Organization-UPU Contact Committee meeting of last November. Discussions continue on whether the WCO will provide its database to the UPU to develop the proposed Postal Export Guide. This discussion was followed by a presentation by the Postal Technology Centre on the IB's work on the electronic Postal Export Guide, as well as its work with Customs' project planning in support of Electronic Data Interchange initiatives. The PTC provided a draft project plan for moving forward with the development and implementation of posts' capabilities for transmitting electronic customs information, the scope, timelines, and budgetary impact of which will undergo a thorough review for members of the Project Group.

The U.S. delegation updated the Group on implementation of the customs clearance provisions of the 2006 Postal Accountability and Enhancement Act. The U.S. delegate responsible for this issue, Phil Warker of Customs and Border Protection, indicated that application of the requirements in the new law for inbound international shipments would be shaped by the Trade Act of 2002. Mr. Warker described the expected next steps which will be carried out in a phased-in manner in view of the current information technology capabilities of postal administrations as policy and timelines continue to be formulated.

Following this presentation, the U.S. then submitted for consideration of the Group two proposals for the UPU Congress whose purpose would be to promote greater use of electronic preadvised data on postal items for customs purposes. The U.S. delegation had hoped for endorsement of these proposals by the Project Group. After discussion, however, the U.S. withdrew the first proposal, which would have amended the UPU Convention to give the POC authority to determine the circumstances in which origin administrations shall be required to transmit electronically item-level data to the postal administration of destination as required for customs purposes. This proposal received the support of no other member of the Group. The second proposal narrowly failed by a vote of six in favor, seven against and two abstentions, this even after the U.S. had offered several compromise amendments. The U.S. announced that it would put this amended proposal forward to the 2008 Congress.

Germany provided an update on impending changes to customs regulations. The European Commission's security requirements for electronic pre-notification of imports would not be

required for UPU traffic, such as letters, postcards, and printed matter, or (for now) for goods accompanied by CN 22 or CN 23 customs declarations. However, the EC intends to eventually require European Union postal administrations to provide electronic customs data on dutiable consignments as well as perform the calculations and remittances of duties on mail imports.

Great Britain presented a proposed checklist for monitoring and improving compliance with customs declarations, while France and the IB provided updates on the development of a UPU-World Customs Organization course on customs (the first session of which was to be held in Bangkok later this year).

Tiddo Bresters of the Netherlands, Chairman of the Project Group, ended the meeting with a report on the many accomplishments of the Group since 2005 and called for renewed efforts in 2009-2012, especially in the field of Electronic Data Interchange.

#### *Customs Data Interchange Group*

The topics of most interest at this session's meeting of the Customs Data Interchange Group concerned progress made in advancing the MEDICI project (through which several advanced postal administrations are exchanging test data on individual postal items for customs purposes); standardization of the identification of small packets and other letter mail items subject to customs control; revisions of technical standards for messages (ITMATT, EMSEVT, and EVTRPT) in regard to customs clearance; and the definition of the terms "sender" and "recipient". These latter terms are key fields used by posts and customs authorities, and it is anticipated that some type of standard method of use and verification of these terms should be achieved. Due to national legislation, regulation and policies among member countries, variations will need to exist. Much work remains on this issue.

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## **UPU COOPERATIVES**

### *EMS Cooperative*

The EMS Cooperative reviewed its activities throughout 2007 and planned activities for 2008. The budget for 2008 reflects a significant increase to provide additional training and workshops to support the implementation of the EMS Pay-for-performance Plan that will become mandatory for members beginning 1 January 2009. Only 35 members presently participate.

The EMS Cooperative will continue to seek support from the IB in the form of translation, interpretation, space, telecommunications, human resource, IT and related areas. In exchange they will continue to pay all direct staffing costs and support non-member EMS efforts that would have to be covered by the IB if the EMS Cooperative did not provide it. There will be no direct funding from the IB's programme and budget.

### *Telematics Cooperative*

In a review of the work and status of its user groups, the Telematics Cooperative General Assembly heard that seven new members – Aruba, Costa Rica, Mauritania, Moldova, Montenegro, Netherlands and Slovenia – joined the Cooperative in 2007. An election had been planned to choose the Cooperative Vice-Chairman responsible for Strategy. However, in view of the lack of a quorum, the election could not be held, and will instead take place at the next General Assembly during the Geneva Congress. For the same reason, two major documents,

the “Activity Report of the Telematics Cooperative since 2004” and “Strategy for 2009-2012” could not be approved. They, too, will be taken up at the General Assembly in Geneva. Also, four of five positions on the IFS Management Committee are vacant, while three of five positions on the IPS Management Committee has had two of five positions remain unfilled.

The Cooperative’s final 2007 expenditures totaled approximately CHF 260,000, which reflected savings made by canceling certain contracts and services, a reduction in staff costs through unfilled vacancies and additional project revenues. An IFS “break-even” fee structure and a new IPS pricing scheme based on gross national income are expected to have a positive effect on the budget.

#### *UPU\*Clearing*

The UPU\*Clearing General Assembly heard a description of the new web design for the clearing system, which is scheduled for implementation in late 2008 or early 2009. In an election for seats on the Steering Committee, two incumbent members from Belgium and Denmark regained their seats and Senegal was re-elected as General Assembly Chair.

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### **PARCELS**

The Parcels Group took note of a significant increase in the number of administrations using UPU-standard barcodes on parcels as well as those that track and transmit data on parcels. These developments are seen to be the direct result of the Bucharest Congress decision that authorized the POC to set delivery rates for parcels and the related bonus payments based, in part, on use of barcodes and the transmission of parcel tracking data.

The Group discussed changes to the bonus features to be put in place in 2010 and the capability of postal administrations, the IB and the Group itself to measure performance accurately that would now be tied to a bonus payment. A paper will be prepared for Congress to help members more readily understand and accept the measurement process. Additionally, the Group approved a proposal that an interim work group be formed which would allow work on parcels to continue until – and assuming that – the Parcels Group is reformed by the 2008 Congress and reconvenes during the November 2008. The Group must remain intact, even under the denomination of an “interim work group” in order to review additional appeals from members and to prepare papers in preparation for Congress and the November 2008 POC session.

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### **STANDARDS BOARD**

In a major decision, the Standards Board authorized the creation of an ad hoc team composed of Canada, New Zealand, the U.S. and IPC to prepare a draft report regarding IMPC codes and their relation to UPU standards. This topic is recognized as being complex, having many levels that intertwine. The draft report will be presented the Standards Board at its next meeting in April 2008. In its wide-ranging agenda, the Board also took the following decisions:

- approved a request from China to create a work item to develop an XML schema to exchange data generated by automatic identification technologies, specifically for RFID;



- approved a request from the Customs Data Interchange Group to create a work item to develop a means to identify letter post items to facilitate retrieval for customs examination;
- Approved a request from CEN members to create a work item, led by CEN, to create readability standards for customer applied barcodes;
- Approved promoting PREDES v2 to final standard and simultaneously withdrawing PREDES v1.1;
- Requested a work item proposal from Canada and the U.S. regarding the need to develop an item identifier to enhance the 13 character identifier used to identify EMS, Registers, insured, and other items, which has been in use since the 1980s.

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## **POSTAL DEVELOPMENT AND DEVELOPMENT COOPERATION**

The Planning Teams of the Postal Development and Development Cooperation Action Group took up a proposed reorganization of the UPU presence in the field, a program which now supports the work of the UPU's seven Regional Advisors. Under the plan, these Regional Advisors at present would be replaced by seven "regional coordinators". These regional coordinator positions would be resubmitted for reclassification and possibly assigned lower levels. The move to reclassify these positions is an effort to use more of the development funds for projects rather than for administrative costs. The new budget proposes using 60% of the budget for projects instead of the current 48%. Members of both Action Groups raised questions regarding the effectiveness of this proposal and whether other areas should be evaluated more closely, i.e., travel of IB employees to meetings of Restricted Unions. It was also suggested that some regions with stronger Restricted Unions may not need the regional coordinator positions and could decide to assume the work themselves and add the savings to their regional budgets. The IB agreed to prepare an impact statement that will be distributed with a revised resolution for member review before Congress.

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## **ADDITIONAL POC TECHNICAL GROUPS**

### *Addressing Project Group*

During the past four years, the focus of the work of this Project Group has been to implement Standard S42 on international address components and formats, which will ultimately allows major postal customers expanded use of addressing techniques to improve addressing quality and the quality of their mail service.

In late 2007, the Group commissioned a study carried out by a consultant to formulate a UPU addressing policy and strategy. The study report was approved by the 2008 POC at its January session, with a number of recommendations, which include the following:

- further strengthening of assistance provided to member countries to help them to introduce quality addressing and a postcode system;
- further promotion and implementation of addressing standards such as S42 and P14, in close cooperation with other relevant organizations, with a view to making it easier to combine both physical and electronic name and address data;
- continued promotion of profile-raising activities on improved address quality by improving POST\*CODE products and services; for example, the need to enhance the postal code

database from the level of localities and streets to delivery points and efforts to disseminate products and services, particularly the Universal POST\*CODE Database, as a source of revenue for supporting important addressing activities;

- promotion of the practical exchange of change-of-address information in developing or exchanging best practices on change-of-address systems, in cooperation with the Consultative Committee and other stakeholders.

Activities aimed at maintaining and distributing POST\*CODE products and services over the period was successfully self-financed. This work attracted new corporate subscribers, namely companies which incorporate the POST\*CODE database into their software distributed to third parties. From 2005 to 2008, the Universal Addressing Unit incorporated into the POST\*CODE database the updated addressing data of sixty or so countries. A new tool was created for the generation of data in UNICODE (a code making it possible to represent addressing data in their original language). The number of customers acquiring the POST\*CODE database increased from 23 to 42. Besides reimbursement of the advance made by the Union budget, which terminated at the end of 2007, the IB was able to realize a small net profit for the cycle in all activities, including technical assistance to developing countries.

#### *Operations and Accounting Review Project Group (Bucharest resolution C 33)*

This Group, which was formed by the 2007 POC and chaired by Pat Barnwell of USPS, has met twice since the 2007 POC and has begun analysis of a number of current operational and accounting processes and regulations with a view towards mapping automated procedures of existing paper-based processes.

Based on the work accomplished in this short time frame, the Group agreed that several business processes need to be studied and improved before automation can realistically be initiated. This analysis will take into account the work being done by other related UPU groups and consider governance and policy issues. The prime areas of work will include simplification and modernization of operational and accounting regulations, and an evaluation of the benefits and costs associated with the use of a centralized data base for accounting among postal administrations and possibly with carriers.

#### *Postal Financial Services Group*

The work of the Postal Financial Services Group work at this session centered on the new draft Postal Payment Services Agreement and Regulations. The Agreement and Regulations respond to a Bucharest Congress resolution encouraging wider adoption of electronic money transfers with concern for anti-money laundering and counter terrorism. Three teams of experts collaborated to develop the provisions in these documents as well as strategies for settlement of accounts, branding a UPU electronic money transfer product and registering the product logo internationally.

The Group approved proposals for the POC to continue the activities of the working groups until Congress and draft proposals for Congress regarding continuance of the POC's work to develop postal financial services in the next Congress period, that is, from 2009 through 2012. If adopted by Congress, the new Agreement and Regulations would enter into force on 1 January 2010.

The Group heard presentations on a draft "Marketing Best Practices Guide" and information on UPU-Eurogiro relations. Comments by observers included an intervention by a representative of

the World Savings Bank Institute which represents savings bank associations in 92 countries. The remarks encouraged member countries to use the World Savings Bank Institute as a resource in developing the multilateral framework and bilateral agreements. Another observer, the International Organization for Migration, expressed appreciation for the UPU's cooperative relationship with that organization and articulated an interest in furthering policies and mechanisms to improve funds transfers and promoting micro credit.

#### *IATA-UPU Contact Committee*

The Director of the PTC advised the Contact Committee that the capability to handle the new CARDIT/RESBIT messages in IPS would be available soon. This capability already exists in the version used and underwritten by the postal administration of Denmark, which will test the software and provide data for review and update. The new version will then be completed and available for all IPS users. Seventy countries will be able to exchange the new CARDIT/RESBIT messages once IPS is updated. The Director appealed for a sponsor who would contribute toward development of a web application which airlines may be more inclined to utilize.

IPC announced that its registration device was well received by airlines and ground handlers. The device allows airlines and ground handlers to exercise control over the ramp workers involved in handling international mail.

The airlines made arguments against proposed changes to the basic airmail conveyance rate. An attorney with IATA stated that the formula probably did not provide the incentives needed for short-haul carriers, as was desired. IATA elaborated by explaining the rate did not properly take into account the fixed costs of all flights (both short and long), and did not properly recognize that the main proportional cost related to distance is once the aircraft is in the air. IATA further suggested a "prorate" specialist was needed to discuss the prorated aspect of rates, and urged the UPU to hire an outside consultant familiar with airline costs. France countered that the digressive rate structure does in fact accommodate short haul route costs, and urged that the formula be redistributed to postal and airline members for more thorough review and discussion. IATA agreed to provide further comments by the end of February 2008.

The IATA attorney further expressed the desire that mail should become part of the cargo system. A representative from IPC corrected this statement, saying that the posts support treating mail differently from cargo. Postal representatives spoke up in strong support of the continuation of separate categorization and handling of mail as mail, and maintaining the aircraft boarding priorities currently in place.

## **PART II: COUNCIL OF ADMINISTRATION**

The Council of Administration met over the course of four days with reports presented from the Strategic Planning Group, Consultative Committee, Postal Security Action Group, and Development Cooperation Action Group. These reports were noted or approved as Congress documents for the 2008 UPU Congress mainly without comment.

The UPU Strategy for 2009-2012 focuses on improving quality of service, support for universal postal service, and regional approach to development. A draft resolution to be presented to Congress allocates responsibilities for strategic planning consistent with proposals to change

provisions in the General Regulations, clarifying the roles of the POC and the CA, which are both supported by the IB in that activity.

A proposal to amend the draft resolution calling for International Mail Processing Center (IMPC) codes to be authorized by member countries prior to being issued by the International Bureau came to a vote and was defeated.

One important CA group that met during this session was the Structure and Constituency of the Union Project Group, an account of whose deliberations are summarized below.

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## **STRUCTURE AND CONSTITUENCY OF THE UNION PROJECT GROUP**

The agenda of the Structure and Constituency of the Union Project Group focused on a half-dozen issues of importance. Two of these, the structure of the CA and POC for the cycle following the 2008 Congress and a proposal to modify the Preamble to the Constitution, which defines the UPU's mission, generated lively debate among the members.

The proposal concerning the CA and POC structures aimed to realign the work of the committees with postal products and services and to lessen the workload of the POC and the complexity of its committee and subgroup structure. These changes were also intended to reduce the workload of the IB. The proposed changes would have put user groups and cooperatives, such as UPU Clearing, the Telematics Cooperative, and the EMS Cooperative in a subordinate position to one of the POC's committees. Likewise, the Postal Security Action Group was proposed to report to a committee of the POC rather than directly to the full membership of the POC. Changes to the strategic planning process were also implicated in the proposed structure of the CA and POC.

After much debate among group members and observers, no genuine consensus could be reached. The Project Group's chair could say only that there was consensus to support a structure that included three levels of organization and was aligned with postal products and services.

Likewise, debate on the proposal to amend the Preamble of the Constitution ended without consensus and no vote was taken. The proposed amendment would have expanded the UPU's mission to include matters such as social and economic development. Members opposed to this change cited the likely overlap with other specialized agencies of the United Nations, such as the World Trade Organization and the World Bank as one reason for maintaining the current mission statement. The Project Group Chair recommended sending the proposal to the CA for its consideration without the Project Group's endorsement, which was accepted as a way to go forward.

A third issue, measures aimed at strengthening the role and contribution of the Consultative Committee also generated debate. The Chair of the Consultative Committee proposed amendments, but the Project Group endorsed the original proposal and invited the Consultative Committee to put forward its proposal to the CA to consider as an alternative.

Draft Congress resolutions to create a new article in the General Regulations concerning the responsibilities of the UPU Congress and regarding the financing of the activities of the Union were endorsed and sent forward to the CA.

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**SHORT TAKES**

The Direct Mail Advisory Board decided to suspend collaboration with UN organizations to coordinate a direct mail campaign for the time being, due to lack of interest by the Rome-based World Food Program ... The CA approved a resolution to create a new article in the General Regulations which would lay out the responsibilities of the UPU Congress ... Other General Regulations articles describe the responsibilities of the CA, POC and IB, but no article refers to the responsibilities of Congress ... Participants at the Telematics Cooperative General Assembly heard that 33 members are now in production with IFS for the exchange of postal financial services data, while an additional 64 members are in testing ... POST\*Net availability continues to be at 100% since the PTC resumed management of the network in recent months.

**Annex 1 U.S. Delegation to the October-November 2007 UPU Council of Administration**

<i>Name</i>	<i>Position</i>
Michael Glover	Director, Office of Technical and Specialized Agencies, Department of State
Dennis Delehanty	Director for Postal Affairs, Office of Technical and Specialized Agencies, Department of State
Michael Regan	Executive Director, International Postal Affairs
Anthony Alverno	Chief Counsel
Patricia Barnwell	Program Manager, International Postal Development
Clayton Bonnell	Program Manager, Intelligent Mail
Peter Chandler	International Postal Affairs Specialist
Kathy Clendenin	Economist, Postal Regulatory Commission
Guadalupe Contreras	International Postal Affairs Specialist
Thomas Day	Senior Vice President, Intelligent Mail and Address Quality
Lea Emerson	Program Manager, UPU Policies
David Hamilton	Business Systems Manager
Brian Hutchins	Program Manager, EMS
Bruce Marsh	International Postal Affairs Specialist
Laree Martin	Attorney
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## Annex 2 GLOSSARY OF ABBREVIATIONS AND TERMS

*Abbreviation or term Full name or explanation*

ASYCUDA	Automated System for Customs Data
CA	Council of Administration
CARDIT	A UPU technical standard for EDI messages from origin postal administrations to airlines regarding handover of international mail dispatches to the airlines
EDI	Electronic Data Interchange
eMaria	An application and network developed by the Postal Security Action Group to record international mail irregularities
EMS	Express Mail Service
ETOE	Extra-territorial Office of Exchange
EU	European Union
GATS	General Agreement on Trade in Services
GMS	Global Monitoring System
IAEA	International Atomic Energy Agency
IATA	International Air Transport Association
IB	IB (the UPU secretariat in Bern, Switzerland)
IC	Industrialized Country
ICANN	Internet Corporation for Assigned Names and Numbers
ICAO	International Civil Aviation Organization
IPK	Items per kilogram
IPS	International Postal System (Tracking application developed and deployed by the UPU's Postal Technology Centre)
IPS Light	A web-based version of the IPS application.
LDC	Least Developed Country
M Bags	A mailbag of postal items for a single addressee
POC	Postal Operations Council
POST*Net	A network operated by the UPU Postal Technology Centre to which mail tracking data is transmitted
PSAG	Postal Security Action Group
PT	Project Team
PTC	Postal Technology Centre
QSF	Quality of Service Fund
RESBIT	A UPU technical standard for EDI messages from destination postal administrations to airlines and origin postal administrations regarding the receipt of international mail dispatches
SAL	Surface Air Lift
SCU	Structure and Constituency of the Union
SDR	Special Drawing Rights
UNEX	A system for measurement of letter post quality of service developed and managed by International Post Corporation
UPU	Universal Postal Union
USPS	United States Postal Service
WCO	World Customs Organization